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August 20, 2001

G. Cheryl Blundon
Board Secretary
Board of Commissioners of Public Utilities
Suite E210, Prince Charles Building
120 Torbay Road
P.O. Box 21040
St. John's, NF
A1A 5B2

Dear Ms. Blundon:

Re: Newfoundland & Labrador Hydro's 2001 General Rate Application

Please find enclosed the original plus seventeen (17) copies of Newfoundland and Labrador Hydro's responses to Newfoundland Power's Requests for Information for the following numbers:

CA-165, 166, 167, 168, 169 and 170.

Yours truly,

Newfoundland and Labrador Hydro

Maureen P. Greene, Q.C.
Vice-President & General Counsel

MPG/jc

Enclosure

cc: Gillian Butler, Q.C. and Peter Alteen
Counsel to Newfoundland Power Inc.
55 Kenmount Road
P.O. Box 8910
St. John's, NF
A1B 3P6

Janet M. Henley Andrews and
Stewart McKelvey Stirling Scales
Cabot Place, 100 New Gower St.
P.O. Box 5038
St. John's, NF
A1C 5V3

Joseph S. Hutchings
Poole Althouse Thompson & Thomas
P.O. Box 812, 49-51 Park Street
Corner Brook, NF
A2H 6H7

Dennis Browne, Q.C.
Consumer Advocate
c/o Browne Fitzgerald Morgan & Avis
P.O. Box 23135
Terrace on the Square, Level II
St. John's, NF
A1B 4J9

(Stephen Fitzgerald, Counsel for the
Consumer Advocate)
c/o Browne Fitzgerald Morgan & Avis
P.O. Box 23135
Terrace on the Square, Level II
St. John's, NF
A1B 4J9

Mr. Edward M. Hearn, Q.C.
Miller & Hearn
450 Avalon Drive
P.O. Box 129
Labrador City, NF
A2V 2K3

Mr. Dennis Peck
Director of Economic Development
Town of Happy Valley-Goose Bay
P.O. Box 40, Station B
Happy Valley-Goose Bay
Labrador, NF
A0P 1E0

1 Q. (a) Why did Newfoundland Hydro release the water rights on the Rose
2 Blanche Brook to Newfoundland Power in 1991?

3

4 (b) Why did Newfoundland Hydro oppose Newfoundland Power's
5 Development of the Rose Blanche Brook in a hearing before the
6 Public Utilities Board?

7

8 (c) Did Newfoundland Hydro give consideration to developing the Rose
9 Blanche Brook itself?

10

11 (d) What, in the opinion of Hydro, have been the benefits to consumers in
12 the Province of the development by Newfoundland Power at Rose
13 Blanche Brook?

14

15

16 A. (a) In April 1990 the Minister of Mines and Energy announced a process
17 whereby Hydro was prepared to issue waivers to undeveloped small
18 hydro sites (less than 10 MW) to prospective developers as a means
19 of providing opportunity for the private sector to invest in hydroelectric
20 production. This was in advance of a request for proposals for the
21 purchase of up to 50 MW firm small scale hydro projects. In 1991,
22 Hydro waived its franchise right to power development on Rose
23 Blanche Brook to Newfoundland Power. Subsequently, Newfoundland
24 Power applied to the Department of Environment and Lands for a
25 Water Use Authorization which permitted development of the site.

1 (b) Hydro intervened at Newfoundland Power's 1998 capital budget
2 hearing to ensure that the Board, in advance of its decision, was fully
3 aware of all the issues surrounding the Rose Blanche Development.
4 Hydro's position on this matter is outlined in the attached letter.

5

6 (c) Hydro did give consideration to the development of Rose Blanche
7 Brook in 1991, when Newfoundland Power requested that Hydro
8 waive its franchise right to the hydroelectric potential of the site.
9 Hydro, after a review of information available on the site, decided not
10 to pursue the development.

11

12 (d) Hydro's view on the project and its benefits to customers are
13 expressed in the attachment to 165(b).

1 Q. Newfoundland Power purports to operate some twenty-three (23) small
2 hydro-electric developments on the island of Newfoundland. Newfoundland
3 Hydro also operates hydro-electric developments on the island and Hydro's
4 business on the island of Newfoundland is primarily generation:

5

6 a) Please provide details of what cooperative efforts exist between the
7 two companies pertaining to generation?

8 b) Would consumers of the Province be best served if one company
9 dealt exclusively with hydro-electric developments and generation?

10 c) What efforts have been made to avoid duplication of costs between
11 the two companies pertaining to generation.

12

13

14 A. a) Newfoundland and Labrador Hydro and Newfoundland Power agree
15 to use Newfoundland Power's generation in order to maintain reliable
16 service to customers on the Island of Newfoundland. When required,
17 Newfoundland and Labrador Hydro makes requests to Newfoundland
18 Power to operate its generation to meet the system peak demand and
19 during forced and planned transmission outages.

20

21 During peak load periods Newfoundland and Labrador Hydro will,
22 when necessary, request Newfoundland Power to maximize their
23 hydraulic generation and place in-service their thermal generation to
24 meet the overall system demand.

25

26 During planned or forced outages, Newfoundland Power's hydraulic or
27 thermal generation may be used to supply local loads or to support
28 area voltages. Newfoundland Power's mobile gas turbine is available

1 to Newfoundland and Labrador Hydro for major planned projects or
2 during lengthy forced transmission outages.

3
4 b) Newfoundland and Labrador Hydro currently owns in excess of 80%
5 of the generation capacity on the Island (1486 MW, 81.1%) with the
6 balance being owned by Newfoundland Power (147 MW, 8.0%),
7 Abitibi Consolidated Inc. (58 MW, 3.2%), Corner Brook Pulp & Paper
8 Limited (121 MW, 6.6%) and small non-utility generators (19 MW,
9 1%). The answer to the question raises issues relating to the rights
10 and interests of all these parties and it has not been studied or
11 considered by Newfoundland and Labrador Hydro.

12
13 c) The generation facilities of Hydro are generally not similar (with the
14 exception of one gas turbine generator) to those of Newfoundland
15 Power due primarily to type, age, size and manufacturer. Therefore,
16 little opportunity for coordination with the intent of avoiding duplication
17 of cost of tools and equipment exist. With respect to the one similar
18 gas turbine generator, both companies coordinate the sharing of parts
19 and specialized tools as required.

20
21 The other area of coordination by both companies regarding
22 generation that avoids cost duplication is provision of mobile
23 emergency standby generation. Both companies maintain mobile
24 emergency standby generation (Newfoundland Power has a mobile
25 gas turbine and Hydro has mobile diesel generation), which have
26 different applications due to their size. These can be utilized by either
27 company as required.

1 Q. Did the development by Newfoundland Power of the Rose Blanche Brook
2 affect Newfoundland Hydro's revenues in any way?

3

4 A. Hydro's revenues have been lower then they otherwise would have been
5 since the in-service of the Rose Blanche development because of reduced
6 sales to Newfoundland Power, however, Hydro's net income has been
7 virtually unaffected because reduced sales have been offset by fuel costs
8 savings and Rate Stabilization Plan activity.

1 Q. The D.B.R.S. Report (October 2000) as found in IC-53 - Newfoundland and
2 Labrador Hydro - states on page 2:

3

4 "The Utility has \$96 million in realized foreign exchange losses. This
5 amount is expected to be recovered in future rates."

6

7 Please provide specifics as to how the utility intends to recover the amount of
8 \$96 million in future rates?

9

10 A. Please see NP-79 regarding the future amortization of the realized foreign
11 exchange losses and sections 17(3)(b) and (e) of the Hydro Corporation Act
12 which specifies in (e) that the amortization would be based on 40 years
13 "commencing in the year when the corporation's rates are first altered under
14 the Public Utilities Act in which the amortization is included in rates at a Rate
15 Hearing".

1 Q. That same D.B.R.S. Report makes reference to the 40 Mw \$135 million new
2 hydro-generating facility (Granite Canal) to meet growing demand. Please
3 provide the feasibility study in reference to this project.

4

5

6 A. Please refer to the response to CA-116.

1 Q. That same D.B.R.S. Report at page 6 provides a breakdown of electricity
2 sold to utilities (mainly Newfoundland Light & Power). That breakdown shows
3 declining sales to utilities from 1997 to 1999. Please provide reasons for this
4 decline.

5
6

7 A. The decline in Hydro's sales to Newfoundland Power from 1997 to 1999 can
8 be primarily attributed to warmer weather conditions during 1998, and still
9 warmer conditions in 1999, relative to 1997. This reduced the number of
10 heating degree days in those years, and in a similar fashion, reduced the
11 volume of sales for weather sensitive end-use loads such as space heating.

August 20, 2001

G. Cheryl Blundon
Board Secretary
Board of Commissioners of Public Utilities
Suite E210, Prince Charles Building
120 Torbay Road
P.O. Box 21040
St. John's, NF
A1A 5B2

Dear Ms. Blundon:

**Re: Newfoundland & Labrador Hydro's 2001 General Rate Application –
Revision to IC-148**

Attached please find an original plus seventeen (17) copies of a **revised** response to Request for Information (RFI) IC-148. Please replace the previously served IC-148 with this revised version.

We apologize for any inconvenience this may cause.

Yours truly,

Newfoundland and Labrador Hydro

Maureen P. Greene, Q.C.
Vice-President & General Counsel

MPG/jc

cc: Gillian Butler, Q.C. and Peter Alteen
Counsel to Newfoundland Power Inc.
55 Kenmount Road
P.O. Box 8910
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Janet M. Henley Andrews and
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P.O. Box 5038
St. John's, NF
A1C 5V3

Joseph S. Hutchings
Poole Althouse Thompson & Thomas
P.O. Box 812, 49-51 Park Street
Corner Brook, NF
A2H 6H7

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c/o Browne Fitzgerald Morgan & Avis
P.O. Box 23135
Terrace on the Square, Level II
St. John's, NF
A1B 4J9

(Stephen Fitzgerald, Counsel for the
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c/o Browne Fitzgerald Morgan & Avis
P.O. Box 23135
Terrace on the Square, Level II
St. John's, NF
A1B 4J9

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Miller & Hearn
450 Avalon Drive
P.O. Box 129
Labrador City, NF
A2V 2K3

Mr. Dennis Peck
Director of Economic Development
Town of Happy Valley-Goose Bay
P.O. Box 40, Station B
Happy Valley-Goose Bay
Labrador, NF
A0P 1E0

1 Q. With respect to the diesel units at St. Anthony, Roddickton and Hawkes Bay,
2 what was the average annual revenue from energy generated by each of
3 these units in each of the years since they were interconnected?

4

5 A. The annual revenue for St. Anthony, Roddickton, and Hawkes Bay, was
6 determined by dividing the total Island Interconnected revenue by the total
7 Island Interconnected gross production. This number is then multiplied by
8 the gross production for each of the diesel units shown below.

Year	St. Anthony	Roddickton	Hawkes Bay
1996	\$45,328	\$7,799	\$25,860
1997	\$11,351	\$2,911	\$5,715
1998	\$18,377	\$5,692	\$5,389
1999	\$10,109	\$927	\$7,959
2000	\$6,320	\$0	\$2,320